



House of Representatives

General Assembly

File No. 350

February Session, 2006

House Bill No. 5273

House of Representatives, April 4, 2006

The Committee on Environment reported through REP. ROY of the 119th Dist., Chairperson of the Committee on the part of the House, that the bill ought to pass.

AN ACT CONCERNING THE TAXATION OF CERTAIN PUBLIC GOLF COURSES.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. (NEW) (*Effective October 1, 2006, and applicable to assessment*
2 *years commencing on or after October 1, 2006*) (a) "Public golf course land"
3 means any golf course consisting of at least twenty-five acres of land
4 that is open for use by the public for golfing, derives at least fifty per
5 cent of its annual revenues from daily fees or group outings and
6 consists of not less than nine golf holes.

7 (b) An owner of land may apply for classification as public golf
8 course land on any grand list of a municipality by filing a written
9 notice for such classification with the assessor thereof not less than
10 thirty days before and not later than thirty days after the assessment
11 date, provided in a year in which a revaluation, in accordance with
12 section 12-62 of the general statutes, of all real property becomes
13 effective, such application may be filed not later than ninety days after
14 such assessment date.

15 (c) Failure to file a written notice for classification as public golf
16 course land within the time limit prescribed in subsection (b) of this
17 section shall be considered a waiver of the right to such classification
18 on such assessment list.

19 (d) Any person aggrieved by the denial by an assessor of any
20 application for the classification of land as public golf course land shall
21 have the same rights and remedies for appeal and relief as are
22 provided in the general statutes for taxpayers claiming to be aggrieved
23 by the actions of assessors or boards of assessment appeals.

24 Sec. 2. Subsection (a) of section 12-63 of the general statutes is
25 repealed and the following is substituted in lieu thereof (*Effective*
26 *October 1, 2006, and applicable to assessment years commencing on or after*
27 *October 1, 2006*):

28 (a) The present true and actual value of land classified as farm land
29 pursuant to section 12-107c, as amended, as forest land pursuant to
30 section 12-107d, as amended, or as open space land pursuant to section
31 12-107e, as amended, shall be based upon its current use without
32 regard to neighborhood land use of a more intensive nature, provided
33 in no event shall the present true and actual value of open space land
34 be less than it would be if such open space land comprised a part of a
35 tract or tracts of land classified as farm land pursuant to section 12-
36 107c, as amended. The present true and actual value of land classified
37 as public golf course land pursuant to section 1 of this act shall be
38 based upon its value as open space land plus an assessment based
39 upon per hole depreciated improvements that shall be reduced by
40 forty per cent during the first assessment year after application, sixty
41 per cent during the second year, eighty per cent during the third year
42 and one hundred per cent thereafter. Said reduction shall not include
43 buildings and parking lots, which shall be valued at fair market value.
44 The present true and actual value of all other property shall be deemed
45 by all assessors and boards of assessment appeals to be the fair market
46 value thereof and not its value at a forced or auction sale.

47 Sec. 3. Subsection (b) of section 12-504a of the 2006 supplement to

48 the general statutes is repealed and the following is substituted in lieu
49 thereof (*Effective October 1, 2006, and applicable to assessment years*
50 *commencing on or after October 1, 2006*):

51 (b) Any land which has been classified by the record owner thereof
52 as open space land pursuant to section 12-107e, as amended, or as
53 public golf course land pursuant to section 1 of this act, if sold or
54 transferred by him within a period of ten years from the time he first
55 caused such land to be so classified, shall be subject to a conveyance
56 tax applicable to the total sales price of such land, which tax shall be in
57 addition to the tax imposed under sections 12-494 to 12-504, inclusive,
58 as amended. Said conveyance tax shall be at the following rate: (1) Ten
59 per cent of said total sales price if sold within the first year following
60 the date of such classification; (2) nine per cent if sold within the
61 second year following the date of such classification; (3) eight per cent
62 if sold within the third year following the date of such classification;
63 (4) seven per cent if sold within the fourth year following the date of
64 such classification; (5) six per cent if sold within the fifth year
65 following the date of such classification; (6) five per cent if sold within
66 the sixth year following the date of such classification; (7) four per cent
67 if sold within the seventh year following the date of such classification;
68 (8) three per cent if sold within the eighth year following the date of
69 such classification; (9) two per cent if sold within the ninth year
70 following the date of such classification; and (10) one per cent if sold
71 within the tenth year following the date of such classification. No
72 conveyance tax shall be imposed on such record owner by the
73 provisions of sections 12-504a to 12-504f, inclusive, as amended,
74 following the end of the tenth year after the date of such classification
75 by the record owner or person acquiring title to such land or causing
76 such land to be so classified.

77 Sec. 4. Section 12-504c of the 2006 supplement to the general statutes
78 is repealed and the following is substituted in lieu thereof (*Effective*
79 *October 1, 2006, and applicable to assessment years commencing on or after*
80 *October 1, 2006*):

81 The provisions of section 12-504a, as amended by this act, shall not
82 be applicable to the following: (1) Transfers of land resulting from
83 eminent domain proceedings; (2) mortgage deeds; (3) deeds to or by
84 the United States of America, state of Connecticut or any political
85 subdivision or agency thereof; (4) strawman deeds and deeds which
86 correct, modify, supplement or confirm a deed previously recorded; (5)
87 deeds between husband and wife and parent and child when no
88 consideration is received, except that a subsequent nonexempt transfer
89 by the grantee in such cases shall be subject to the provisions of said
90 section 12-504a as it would be if the grantor were making such
91 nonexempt transfer; (6) tax deeds; (7) deeds of foreclosure; (8) deeds of
92 partition; (9) deeds made pursuant to a merger of a corporation; (10)
93 deeds made by a subsidiary corporation to its parent corporation for
94 no consideration other than the cancellation or surrender of the capital
95 stock of such subsidiary; (11) property transferred as a result of death
96 when no consideration is received and in such transfer the date of
97 acquisition or classification of the land for purposes of sections 12-504a
98 to 12-504f, inclusive, as amended, whichever is earlier, shall be the date
99 of acquisition or classification by the decedent; (12) deeds to any
100 corporation, trust or other entity, of land to be held in perpetuity for
101 educational, scientific, aesthetic or other equivalent passive uses,
102 provided such corporation, trust or other entity has received a
103 determination from the Internal Revenue Service that contributions to
104 it are deductible under applicable sections of the Internal Revenue
105 Code; (13) land subject to a covenant specifically set forth in the deed
106 transferring title to such land, which covenant is enforceable by the
107 town in which such land is located, to refrain from selling, transferring
108 or developing such land in a manner inconsistent with its classification
109 as farm land pursuant to section 12-107c, as amended, forest land
110 pursuant to section 12-107d, as amended, [or] open space land
111 pursuant to section 12-107e, as amended, or public golf course land
112 pursuant to section 1 of this act for a period of not less than eight years
113 from the date of transfer, if such covenant is violated the conveyance
114 tax set forth in this chapter shall be applicable at the rate multiplied by
115 the market value as determined by the assessor which would have

116 been applicable at the date the deed containing the covenant was
117 delivered and, in addition, the town or any taxpayer therein may
118 commence an action to enforce such covenant; (14) land the
119 development rights to which have been sold to the state under chapter
120 422a; and (15) deeds to or from any limited liability company when the
121 grantors or grantees are the same individuals as the principals or
122 members of the limited liability company. If action is taken under
123 subdivision (13) of this section by a taxpayer, such action shall
124 commence prior to the ninth year following the date of the deed
125 containing such covenant and the town shall be served as a necessary
126 party.

127 Sec. 5. Section 12-504e of the 2006 supplement to the general statutes
128 is repealed and the following is substituted in lieu thereof (*Effective*
129 *October 1, 2006, and applicable to assessment years commencing on or after*
130 *October 1, 2006*):

131 Any land which has been classified by the owner as farm land
132 pursuant to section 12-107c, as amended, as forest land pursuant to
133 section 12-107d, as amended, [or] as open space land pursuant to
134 section 12-107e, as amended, or as public golf course land pursuant to
135 section 1 of this act, if changed by him, within a period of ten years of
136 his acquisition of title, to use other than farm, forest or open space,
137 shall be subject to said conveyance tax as if there had been an actual
138 conveyance by him, as provided in sections 12-504a, as amended by
139 this act, and 12-504b, at the time he makes such change in use. For the
140 purposes of this section: (1) The value of any such property shall be the
141 fair market value thereof as determined by the assessor in conjunction
142 with the most recent revaluation, and (2) the date used for purposes of
143 determining such tax shall be the date on which the use of such
144 property is changed, or the date on which the assessor becomes aware
145 of a change in use of such property, whichever occurs first.

146 Sec. 6. Section 12-504f of the 2006 supplement to the general statutes
147 is repealed and the following is substituted in lieu thereof (*Effective*
148 *October 1, 2006, and applicable to assessment years commencing on or after*

149 *October 1, 2006):*

150 The tax assessor shall file annually, not later than sixty days after
151 the assessment date, with the town clerk a certificate for any land
152 which has been classified as farm land pursuant to section 12-107c, as
153 amended, as forest land pursuant to section 12-107d, as amended, [or]
154 as open space land pursuant to section 12-107e, as amended, or as
155 public golf course land pursuant to section 1 of this act, which
156 certificate shall set forth the date of the initial classification and the
157 obligation to pay the conveyance tax imposed by this chapter. Said
158 certificate shall be recorded in the land records of such town. Any such
159 classification of land shall be deemed personal to the particular owner
160 who requests such classification and shall not run with the land. The
161 town clerk shall notify the tax assessor of the filing in the land records
162 of the sale of any such land. Upon receipt of such notice the tax
163 assessor shall inform the new owner of the tax benefits of classification
164 of such land as farm land, forest land or open space land.

165 Sec. 7. Section 12-504h of the 2006 supplement to the general statutes
166 is repealed and the following is substituted in lieu thereof (*Effective*
167 *October 1, 2006, and applicable to assessment years commencing on or after*
168 *October 1, 2006):*

169 Any such classification of farm land pursuant to section 12-107c, as
170 amended, forest land pursuant to section 12-107d, as amended, [or]
171 open space land pursuant to section 12-107e, as amended, or as public
172 golf course land pursuant to section 1 of this act shall be deemed
173 personal to the particular owner who requests and receives such
174 classification and shall not run with the land. Any such land which has
175 been classified by a record owner shall remain so classified without the
176 filing of any new application subsequent to such classification,
177 notwithstanding the provisions of said sections 12-107c, 12-107d and
178 12-107e, until either of the following shall occur: (1) The use of such
179 land is changed to a use other than that described in the application for
180 the existing classification by said record owner, or (2) such land is sold
181 or transferred by said record owner. Upon the sale or transfer of any

182 such property, the classification of such land as farm land pursuant to
 183 section 12-107c, as amended, forest land pursuant to section 12-107d,
 184 as amended, or open space land pursuant to section 12-107e, as
 185 amended, shall cease as of the date of sale or transfer. In the event that
 186 a change in use of any such property occurs, the provisions of section
 187 12-504e, as amended, shall apply in terms of determining the date of
 188 change and the classification of such land as farm land pursuant to
 189 section 12-107c, as amended, forest land pursuant to section 12-107d,
 190 as amended, or open space land pursuant to section 12-107e, as
 191 amended, shall cease as of such date.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>October 1, 2006, and applicable to assessment years commencing on or after October 1, 2006</i>	New section
Sec. 2	<i>October 1, 2006, and applicable to assessment years commencing on or after October 1, 2006</i>	12-63(a)
Sec. 3	<i>October 1, 2006, and applicable to assessment years commencing on or after October 1, 2006</i>	12-504a(b)
Sec. 4	<i>October 1, 2006, and applicable to assessment years commencing on or after October 1, 2006</i>	12-504c
Sec. 5	<i>October 1, 2006, and applicable to assessment years commencing on or after October 1, 2006</i>	12-504e
Sec. 6	<i>October 1, 2006, and applicable to assessment years commencing on or after October 1, 2006</i>	12-504f

Sec. 7	<i>October 1, 2006, and applicable to assessment years commencing on or after October 1, 2006</i>	12-504h
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ENV *Joint Favorable*

The following fiscal impact statement and bill analysis are prepared for the benefit of members of the General Assembly, solely for the purpose of information, summarization, and explanation, and do not represent the intent of the General Assembly or either House thereof for any purpose:

OFA Fiscal Note

State Impact:

Agency Affected	Fund-Effect	FY 07 \$	FY 08 \$
Department of Revenue Services	GF - Revenue Loss	See Below	See Below

Note: GF=General Fund

Municipal Impact:

Municipalities	Effect	FY 07 \$	FY 08 \$
Various Municipalities	See Below	See Below	See Below

Explanation

Under current law, public golf course land¹ is assessed as commercial property for the purpose of local property tax assessment. The bill allows certain public golf course owners to have their golf course land assessed: (1) based on its value as undeveloped land without any improvements that are part of its recreational uses or its current use; and (2) without regard to more intensive land use in the neighborhood where the golf course is located.

This is expected to result in a loss in grand list value for towns that have public golf courses that would be assessed as undeveloped land under the provisions of the bill. It is anticipated that between 60 and 70 municipalities will be impacted. Therefore the affected municipalities would either have to increase their mill rate or modify their spending to offset any decrease in property taxes as a result of the reduction on their grand list.

There is anticipated a minimal revenue impact, less than \$10,000, to the state and municipal Real Estate Conveyance Taxes to the degree

¹ Some municipalities include golf courses in their plan of conservation and therefore assess the land as open space.

that classification of such lands change when transferred or sold within 10 years of the original classification.

The Out Years

The annualized ongoing fiscal impact identified above would continue into the future subject to inflation.

OLR Bill Analysis
HB 5273

AN ACT CONCERNING THE TAXATION OF CERTAIN PUBLIC GOLF COURSES.

SUMMARY:

This bill broadens the circumstances under which certain golf courses must be assessed as open space land. Under the current "490 program" golf courses may be taxed at their current use value, rather than fair market value. To qualify, they must meet certain conditions, the town's plan of conservation and development must specifically recommend preserving the property as open space, and the town's legislative body must accept the recommendation.

The bill also permits landowners to request that their property be classified as "public golf course land." If the application is approved, it requires assessors to assess the land at its current use value, plus a per-hole assessment of improvements, depreciated over four years. It specifies which golf courses qualify for the program, the process property owners must follow to apply for such an assessment, applies the program's conveyance tax penalty to public golf course land, and makes other changes.

EFFECTIVE DATE: October 1, 2006, and applicable to assessment years beginning on or after October 1, 2006.

PUBLIC GOLF COURSE LAND

Eligible Golf Courses

Under the bill, public golf course land is any golf course (1) of at least 25 acres and nine holes, (2) open to the public, and (3) that derives at least half its annual revenues from daily fees or group outings. The bill requires assessors to assess such land as open space land, plus an assessment based upon per-hole depreciated improvements. The

assessment is reduced by 40% during the first assessment year, 60% the second year, 80% the third year, and by 100% in the fourth and subsequent years. The reduced assessment does not include buildings and parking lots, which must be assessed at their fair market value.

Application Procedure

The bill allows a property owner to apply for classification of public golf course land by filing a written application with the assessor within 30 days before or after the October 1 assessment date. In a year in which revaluation of real property takes effect, the owner may file the application no later than 90 days after the assessment date. The property owner waives the right to classification as public golf course land if he fails to file a written notice for classification within the applicable time limits. An applicant aggrieved by an assessor's denial of his application may seek redress as would any taxpayer aggrieved by an assessor's or assessment appeals board's decision.

Tax Penalty for Conveyance within 10 Years

Under the 490 program, property classified as open space is subject to a tax on its fair market value if it is sold or its use is changed within 10 years of the classification. The tax rate starts at 10% of the total sales price if it is sold within one year of classification and declines by 1% annually if it sold within 10 years. The bill subjects public golf course land to this penalty. If the owner changes the public golf course to a use other than farm, forest, or open space land within 10 years of classification, the bill subjects it to the same tax penalty.

It exempts from the conveyance tax penalty public golf course land that is transferred subject to a covenant to refrain from selling or developing the land in a manner inconsistent with its classification for at least eight years after the transfer.

It requires the tax assessor to file annually with the town clerk, within 60 days of the assessment date, a certificate for any land classified as public golf course land, including the date of the initial classification and the obligation to pay the conveyance tax the law

requires. The certificate must be recorded in the town land records. Any land classified as public golf course land remains classified as such until the owner changes its use or sells it.

COMMITTEE ACTION

Environment Committee

Joint Favorable

Yea 21 Nay 7 (03/16/2006)